



Naples Asset Management Company®, LLC

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## NAMCOA Monthly Needs™ Portfolio

3rd Quarter Report as of 09/30/2018

### Investment Objective & Strategy

NAMCOA® Monthly Needs Portfolio™ is a actively managed equity long portfolio with an objective of providing long term capital appreciation and dividends. The Portfolio adheres to a simple strategy of investing in a weighted portfolio of 25 stocks consisting of sectors that the average consumer spends monies on each month. Even though the portfolio has some companies with retail distribution, the portfolio is not weighted to that sector and is not focused on the retail end, but is mainly made up of manufactures, processors, and service providers for each one of the sectors selected. The Portfolio focuses primarily on U.S large-cap value stocks, but can invest in mid to small cap equities and foreign companies as well. The portfolio does not use any leverage.

### Investment Performance

Monthly Returns Gross of Fees Since 2007

Hypothetical Returns before 07/08/2005

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	0.86%	-5.32%	-7.07%	-2.72%	1.16%	0.04%	5.61%	-3.20%	-2.20%	-0.62%	0.004%	1.74%
February	-1.32%	-2.15%	-8.11%	2.89%	4.07%	4.67%	3.76%	2.51%	3.28%	0.83%	2.70%	-4.77%
March	1.95%	-1.16%	3.52%	4.41%	0.38%	1.92%	4.81%	3.12%	-1.26%	4.33%	-0.27%	-1.40%
April	3.88%	2.30%	2.97%	-0.29%	4.87%	0.45%	2.43%	1.14%	0.23%	1.40%	0.23%	1.45%
May	1.76%	1.20%	5.98%	-7.59%	-0.47%	-3.02%	-0.87%	2.44%	1.73%	1.53%	-0.69%	-0.26%
June	-2.70%	-7.14%	0.94%	-1.39%	-1.56%	5.12%	0.90%	1.40%	-1.42%	3.53%	1.80%	1.38%
July	-3.86%	1.59%	5.62%	5.13%	-1.66%	1.69%	3.85%	-2.58%	2.57%	1.33%	1.76%	2.65%
August	2.20%	1.53%	0.48%	-0.59%	-1.11%	1.06%	-3.85%	4.42%	-3.64%	-0.68%	0.25%	1.98%
September	2.14%	-4.13%	0.93%	4.94%	-3.79%	2.21%	1.01%	0.24%	-0.72%	-0.43%	1.39%	0.90%
October	-0.79%	-10.62%	0.36%	2.38%	6.46%	1.43%	5.08%	3.50%	7.34%	-1.14%	1.56%	
November	0.75%	1.82%	3.68%	-2.37%	2.56%	-0.37%	2.74%	1.79%	-0.71%	0.77%	4.13%	
December	0.32%	0.70%	1.76%	3.09%	3.52%	-1.20%	1.37%	0.12%	0.09%	2.21%	1.35%	
Annual	5.03%	-20.22%	10.44%	7.31%	14.83%	14.61%	29.88%	15.63%	4.94%	13.70%	15.06%	
S&P 500	5.49%	-36.99%	26.45%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	

Annualized Returns Since Inception (07/08/2005) Gross of Fees as of 09/30/2018

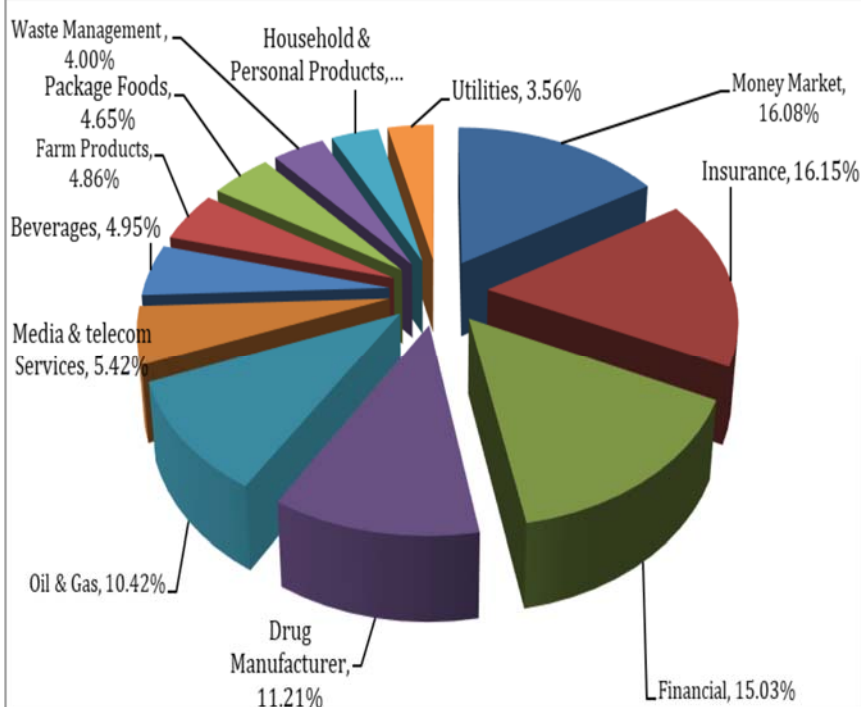
	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	SI
NMNP	0.90%	3.51%	10.94%	13.04%	11.42%	11.80%	9.45%
S&P 500	0.57%	10.56%	17.91%	17.31%	13.42%	11.97%	9.25%
Excess returns	0.33	-7.05	-6.97	-1.63	-4.27	-0.17	0.27

Additional Performance Statistics Since Inception (07/08/2005) Gross of Fees as of 09/30/2018

Average Return	0.8
Average Positive Return	2.3
Average Negative Return	-2.38
Total # of Months Above Index	80
Total # of Months Below Index	79

Past Performance is no guarantee of future results and the actual performance of the portfolio may be lower or higher than the performance of the strategy. Investment return and principle value of the portfolio will fluctuate causing shares of the portfolio, when redeemed, to be worth more or less than their original cost. Strategy returns do not reflect a maximum charge of 0.75% a year in management fees. There may be tax consequences unless purchased in an IRA or other qualified plan.

## Sector Allocation



## 3rd Quarter Sector Performance

### Best Performing Sector

Drugs	16.62%
Financials	11.21%

### Worst Performing Sector

Packaged Foods	-4.77%
Farm Products	-3.92%

### Portfolio's Top 5 Holdings

UnitedHealth Group	11.78%
Visa	6.64%
Johnson & Johnson	6.12%
JP Morgan Chase	5.00%
PepsiCo	4.95%

Top five holdings as a percent of Portfolio's gross assets based on closing prices As of 09/30/2018

## Risk & Regression Analysis

	1 Year	3 Year	5 Year
Standard Deviation	7.77	6.97	7.49
Annualized Alpha	-0.75	2.90	3.22
Beta	0.68	0.59	0.66
R <sup>2</sup> Squared	0.63	0.60	0.70

## Fundamental Characteristics

Dividend Yield (Forward)	2.35%
Current PE (12 mo. Trailing)	17.32
Current PE (12 mo Forward)	15.66
Weighted Avg. Mkt. Cap (Mil)	194,790.23

## Efficiency Measures

	1 Year	3 Year	5 Year
Sharpe ratio	1.21	1.75	1.60
Sortino Ratio	1.83	3.87	3.22
Treynor Ratio	10.71	16.27	16.38
Tracking Error	5.59	5.81	5.27
Information Ratio	-1.25	-0.73	-0.28
Batting Average	0.50	0.39	0.50
Upside Market Capture	70	67	76
Downside Market Capture	99	51	63

## Drawdown Analysis

1 Year					3 Year				
Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley
-10.26%	40		01/26/2018	03/23/2018	-8.85%	8 Days	52 Days	08/17/2015	08/25/2015

## 3rd Quarter In Review

### Portfolio Managers Commentary

The NAMCOA Monthly Needs™ Portfolio was up 5.92% for the third quarter of 2018. Trailing the S&P 500 benchmark by -2.09 basis points which was up 7.71% for the quarter. The drug sector lead the portfolio in the quarter to the upside, up 16.21%. The sector was lead by Pfizer which was up 21.98%. The packaged foods sector was the weakest performing sector down -4.77% for the quarter. The third quarter was a merger and acquisition quarter. PepsiCo purchased Soda Stream for \$144.00 in cash or \$3.2 billion dollars. This is in line with PepsiCo's Performance with Purpose philosophy, which is making nutritious products while limiting their environmental footprint. Tyson Foods purchased Keystone Foods Holdings Limited for \$2.16 billion. This will furtherance Tyson Foods growth strategy in the global foodservice industry as well as enhance its value-added protein capabilities. Allstate purchased InfoArmor for \$525 million. InfoArmor is a leading provider of employee identity protection. In September, Comcast out bid Fox for Sky in an auction process. Comcast bid \$40 billion in cash. This purchase will enhance and expand their international footprint. Year to date 19 companies have raised their dividends on average 8.62% in 2018. The annual turnover ratio has hit a multi year low at an annual ratio of 2.96%. I expect this ratio to increase over the next several months.

**You should consider the Portfolio's objective, risk, charges and expenses and tax consequences carefully before investing**

Naples Asset Management Co.® LLC (NAMCOA) is an independent, privately owned investment management firm registered with the Securities and Exchange Commission (SEC). Naples Asset Management LLC (NAMCOA) offers the management of asset allocated portfolios of equities and fixed income.

The Performance returns reflect the reinvestment of capital gains and not dividends. Performance data is shown gross of all model advisory management fees. The model advisory management fee was 0.75% through 09/30/2018 and is based upon the highest fee paid. by an Naples Asset Management Co.® LLC (NAMCOA) client whose portfolio is managed in accordance with this strategy. The investment management fee may be lowered depending upon the size of the clients assets.

All returns prior to 07/08/2005 are hypothetical returns.

There are four statistical measurements/technical risk ratios used in modern portfolio theory (MPT). They are as follows: alpha, beta, standard deviation, and sharp ratio. The purpose of these indicators is to help investors determine the risk-reward profile of an investment's returns. Alpha measures risk-adjusted performance. Factoring in the risk due to the specific portfolio, rather than the overall market. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%, adjusted for the risk taken (as measured by beta). Correspondingly, a similar negative alpha would indicate an underperformance of 1%, adjusted for risk. Beta is a quantitative measure of the volatility of a given stock, mutual fund or portfolio, relative to the overall market, usually the S&P 500. A beta of 1 indicates that the security's price will move with market. A beta less than 1 means that the security will be less volatile than the market. A beta greater than 1 indicates that the security's price will be more volatile than the market. Standard deviation is a statistical measurement that quantifies historical volatility. Sharp ratio is a risk adjusted measure of performance. It balances volatility against total return to reveal funds that have delivered the most gains with the least volatility risk. The greater a portfolio's sharp ratio, the better its risk-adjusted performance has been.

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